

## Message Text

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PAGE 01 STATE 096633  
ORIGIN EUR-12

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APPROVED BY:EUR/WE/EMROWELL

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O 282343Z APR 77

FM SECSTATE WASHDC

TO AMEMBASSY BERN IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY OSLO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY STOCKHOLM IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY VIENNA IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

UNCLAS STATE 096633

FOLLOWING REPEAT LISBON 3308 ACTION SECSTATE INFO USIA WASHDC  
Oporto Ponta Delgada Dated Apr 28:

QTE:UNCLAS LISBON 3308

SECSTATE FOR EUR

USIA FOR IEU/MCLAUGHLIN, IOP/M, IBS/PE/HAUSEMAN

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E.O. 11652: N/A

TAGS: SOPN, PO, U.S.

SUBJ: MEDIA REACTION ON CONSORTIUM LOAN TESTIMONY

1. PORTUGUESE RADIO NETWORKS AND AT LEAST TWO APRIL 28  
MORNING NEWSPAPERS CARRIED REUTER WASHINGTON REPORT

WHICH STATED, AMONG OTHER THINGS, THAT THE CONSORTIUM LOAN FOR PORTUGAL HAD DEFINITELY FALLEN APART AND LEFT IN DOUBT U.S. PARTICIPATION BEYOND \$300 MILLION REQUESTED APPROPRIATION FOR FY 1978. REPORT CITED STATEMENTS ATTRIBUTED TO PAUL BOEKER, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AND BUSINESS AFFAIRS, APRIL 27 BEFORE HOUSE SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST. COMMUNIST "O DIARIO" FRONT-PAGE LEAD HEADLINE ON REUTER REPORT WAS: "'FRIENDLY GOVERNMENTS' RETREAT: CAPITALISM REFUSES 'GIGANTIC LOAN'"; FALLING APART OF CONSORTIUM OFFICIALLY ANNOUNCED IN WASHINGTON."

2. TO QUERIES, EMBASSY SPOKESMAN IS RESPONDING AS FOLLOWS:

"THE STORY IS MISLEADING. THE MULTILATERAL LOAN PROGRAM HAS UNDERGONE SOME MODIFICATIONS IN FORM FROM ITS ORIGINAL CONCEPT, WHICH IS NATURAL IN MATTERS OF THIS NATURE, BUT IT HAS NOT FAILED. TO THE CONTRARY THE US GOVERNMENT IS ACTIVELY SEEKING SUPPORT FOR THE PROGRAM THIS WEEK THROUGH ITS EMBASSIES AND HAS RECEIVED A NUMBER OF POSITIVE RESPONSES.

"IT IS TRUE THAT SOME COUNTRIES ARE EXPERIENCING DIFFICULTIES IN FINDING AN APPROPRIATE MANNER IN WHICH TO PARTICIPATE, AND THAT BUDGETARY AND OTHER PROBLEMS HAVE BEEN RAISED. THIS, TOO, IS NATURAL IN ANY LARGE MULTILATERAL LENDING OPERATION, PARTICULARLY SINCE OUR FIRST OFFICIAL CONTACTS WITH MOST COUNTRIES HAVE ONLY RECENTLY BEEN MADE, THE NEGOTIATIONS ARE THUS IN THE PRELIMINARY STAGE.

"IT IS BOTH INACCURATE AND MISLEADING TO STATE THAT UNCLASSIFIED

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THE PRESIDENT HAS REDUCED HIS REQUEST TO CONGRESS. WHILE \$550 MILLION WAS MENTIONED AS A TARGET FIGURE FOR US PARTICIPATION OVER A 3 YEAR PERIOD THE FIGURE FOR THE FIRST YEAR HAS ALWAYS BEEN \$300 MILLION. THE US CONGRESS ONLY CONSIDERS FUNDING ON A ONE YEAR BASIS. AMBASSADOR CARLUCCI TESTIFIED ON A \$300 MILLION FIGURE LAST FEBRUARY AND THAT REMAINS THE ADMINISTRATIONS REQUEST. IT IS STILL ENVISAGED THAT THE US GOVERNMENT WILL PROVIDE THE LARGEST CONTRIBUTION TO THE LOAN. "ON FEB 25 PRESIDENT CARTER PUBLICLY EXPRESSED HIS STRONG SUPPORT FOR THE LENDING PROGRAM. THE CONVERSATIONS LAST WEEK BETWEEN THE PRESIDENT AND THE PRIME MINISTER DEALT WITH WAYS IN WHICH THE PROGRAM COULD BE DEVELOPED, AT THE CONCLUSION OF WHICH THE PRESIDENT REAFFIRMED THE SUPPORT OF THE US GOVERNMENT FOR PORTUGUESE ECONOMIC RECOVERY EFFORTS. CONTRARY TO THE IMPRESSION THE ARTICLE ATTEMPTS TO CONVEY THE LENDING PROGRAM FOR PORTUGAL IS MOVING FORWARD." CARLUCCI UNQTE VANCE

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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